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TO RUEHC/SECSTATE WASHDC PRIORITY 4271
INFO RUCNCLS/ALL SOUTH AND CENTRAL ASIA COLLECTIVE
RUCNCIS/CIS COLLECTIVE
RUCNMEM/EU MEMBER STATES COLLECTIVE
RUEHAK/AMEMBASSY ANKARA 6278
RUEHBJ/AMEMBASSY BEIJING 3950
RUEHKO/AMEMBASSY TOKYO 3809
RUEHIT/AMCONSUL ISTANBUL 4522
RHEHNSC/NSC WASHDC
RHMCSUU/CDR USCENTCOM MACDILL AFB FL
RUEAIIA/CIA WASHDC
RHEFDIA/DIA WASHDC
RUEKJCS/JOINT STAFF WASHDC
RUEKJCS/SECDEF WASHINGTON DC
RUEHVEN/USMISSION USOSCE 4420
RUCNDT/USMISSION USUN NEW YORK 1493
RUCPDOG/DEPT OF COMMERCE WASHDC
RHEBAAA/DEPT OF ENERGY WASHDC
RUEATRS/DEPT OF TREASURY WASHDC

C O N F I D E N T I A L ASHGABAT 000227

SIPDIS

STATE FOR SCA/CEN; EEB; COMMERCE FOR DSTARKS/EHOUSE

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TAGS: [BTIO](#) [ETRD](#) [EIND](#) [PGOV](#) [TX](#)

SUBJECT: TURKMENISTAN: COTTON SPINNING PLANTS NOT ADVANCING
TEXTILE INDUSTRY

REF: ASHGABAT 135

Classified By: Charge d'Affaires Sylvia Reed Curran. Reasons 1.4 (B) a
nd (D).

11. (U) Turkmenistan President Gurbanguly Berdimuhamedov opened a new cotton spinning factory on February 17 in the town of Geok Depe, just outside of Ashgabat. The factory is one in a series of new plants that is supposed to help Turkmenistan's textile industry be more competitive in the world market (reftel). The factory complex cost \$70 million and consists of the production building where a series of machines turn raw cotton into yarn, as well as administrative offices and two housing complexes for the workers. According to a brochure, the factory can process almost 11,000 tons of raw cotton annually and will employ 500 people. The brochure also highlighted that the factory's machinery is European.

12. (C) Neil McKain of the European Bank of Reconstruction and Development compared this new factory unfavorably to a jeans factory built in the early 1990s. McKain commented that the machinery in this cotton spinning factory is "new, but not modern." He added that this factory is just like the one that Berdimuhamedov opened in Dashoguz in early February was the same as this one. Neither do anything to bolster Turkmenistan's capacity to produce products that add value and bring in greater profits when exported. McKain also noted that cotton spinning plant is not labor intensive, and so this new factory would not create many new jobs. However, he said, in many other countries, machines rethread broken yarn onto the spindles, whereas in Turkmenistan that is done by hand.

13. (SBU) COMMENT: The new cotton spinning factories do not seem to be achieving the goals set by Berdimuhamedov for producing first class textiles for export. Although exporting yarn is more profitable than exporting raw cotton, it is not nearly as profitable as exporting clothing, bedding, or other finished products. Despite the pomp and circumstance surrounding the factory openings, the

government's policy of building these factories alone,
without foreign investors, is not moving Turkmenistan's
textile industry forward. END COMMENT.

CURRAN